

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant:	California Housing Finance Agency
Allocation Amount Requested:	Tax-exempt: \$17,750,000
Project Information:	Name: Walnut Windmere Apartments Project Address: 3101, 3030 and 3100 Fifth Street Project City, County, Zip Code: Davis, Yolo, 95618
Project Sponsor Information:	Name: Walnut Windmere LP (Walnut Windmere LLC (Community Housing Opportunities Corporation [CHOC])) Principals: Manuela Silva, Peter Lundberg and Hector Fernandez for Walnut Windmere LLC Property Management Company: SAMC (CHOC)
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Private Placement Purchaser: Citibank, N.A. Cash Flow Permanent Bond: Not Applicable Public Sale: Not Applicable Underwriter: Not Applicable Credit Enhancement Provider: Not Applicable Rating: Not Applicable TEFRA Noticing Date: October 5, 2018 TEFRA Adoption Date: November 2, 2018
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 136 Manager's Units: 2 Unrestricted Type: Acquisition and Rehabilitation Population Served: Family/Special Needs

Walnut Windmere Apartments is an existing project located in Davis on a 3.1-acre site. The project consists of 134 restricted rental units and 2 unrestricted managers' units. The project has 24 one-bedroom units, 97 two-bedroom units and 15 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of a Cool Roof replacement, drip irrigation system installed and drought tolerant plant landscaping. Interior renovations will include leasing office and community room upgrades. Individual apartment units will be updated as required with new appliances, efficient fixtures, paint and electrical updates. Lastly, common or site area renovations will consist of ADA updates. The rehabilitation is expected to begin in May 2020 and will be completed in September 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
31% (41 units) restricted to 50% or less of area median income households.
69% (93 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2 & 3 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 32,894,429
Estimated Hard Costs per Unit: \$ 44,131 (\$6,001,841 /136 units including mgr. units)
Estimated per Unit Cost: \$ 241,871 (\$32,894,429 /136 units including mgr. units)
Allocation per Unit: \$ 130,515 (\$17,750,000 /136 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 132,463 (\$17,750,000 /134 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,750,000	\$ 12,512,605
Citibank Taxable Tail Loan	\$ 5,610,613	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 9,395,837
Deferred Developer Fee	\$ 1,680,106	\$ 1,292,277
Seller Carryback Loan	\$ 4,379,654	\$ 4,379,654
City of Davis	\$ 3,474,056	\$ 3,474,056
FHL Bank AHP	\$ 0	\$ 1,140,000
Income from Operations	\$ 0	\$ 700,000
Total Sources	\$ 32,894,429	\$ 32,894,429

Uses of Funds:	
Land Cost/Acquisition	\$ 15,130,000
Rehabilitation	\$ 6,435,175
Relocation	\$ 121,560
Contractor Overhead & Profit	\$ 480,147
Architectural Fees	\$ 660,450
Survey and Engineering	\$ 59,375
Construction Interest and Fees	\$ 1,904,810
Permanent Financing	\$ 157,000
Legal Fees	\$ 62,000
Reserves	\$ 2,288,359
Appraisal	\$ 10,750
Hard Cost Contingency	\$ 900,276
Local Development Impact Fees	\$ 305,200
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 550,697
Developer Costs	\$ 3,828,630
Total Uses	\$ 32,894,429

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

80 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,750,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	80